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Korea

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Government Control Measures Affecting North
Korean Economy

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Self-Security and Business Taxes

1. In September 1952, the people of North Korea were paying local "self-security" taxes in quarterly installments. Tax rates depended on the size of the taxpayer's income. The highest rate was 3,800 North Korean won per quarter, the second highest was 3,200 won, and the lowest was 2,000 won. Although this tax was called a local one, the majority of the money collected was forwarded to the North Korean central government to defray war expenses.
2. Although these taxes were ordinarily paid in North Korean won, people living in villages south of the 38th parallel were allowed to pay in South Korean won if they could furnish a reasonable explanation for possessing South Korean money. The acceptable rate of exchange for payment of taxes was 10 South Korean won to 1 North Korean won, although the current black market rate was 7 to 1.
3. In September loyal Communists and people who cooperated with the government could obtain tax exemptions on request. Persons who were suspected of being out of sympathy with the government and those whose families or relatives had fled to South Korea were required to pay higher than the regular tax rates. Installments had to be paid on time, without exception.
4. In September in addition to the "self-security" tax, businessmen were also required to pay a business tax. In March 1952 the North Korean Finance Ministry ordered local governments to collect the business tax. This tax

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was imposed retroactively to September 1951, despite the confusion and disorganization most businesses had suffered because of the war and battle conditions. As a result of the order many small businesses were forced to sell out or sell their equipment to meet the tax payments.

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Adjustment in Rationing by Government Order

5. On 1 October 1952, the North Korean government issued Order Number 160 which directed that laborers, clerical workers, technicians, and their dependents be allowed to buy as much rice as they needed at consumers guild stores. The price of rice at these stores was 450 won for one small mal.¹ The order further directed that the families of deceased soldiers were to receive an annual grant of 180 kilograms of free rice per person.
6. On 1 October 1952, the North Korean government issued Order Number 161 which directed each farm family to set aside 180 kilograms of rice annually for each member of the family for his own use from the yearly crop.

Wage Control

7. In late September 1952, the monthly wages of North Korean workers, which depended on the industries in which they were employed, were as follows: heavy industry, 3,900 North Korean won; mining, 3,700 won; electrical, 4,100 won; chemical, 2,800 won; irrigation, 2,900 won.² As a result of fixed wages and inflated prices, small merchants were finding it difficult to make a living.

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1. [] Comment. A small mal is equal to 9 liters or a little under 15 pounds.

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2. [] Comment. According to reports from other sources, wages differ widely throughout North Korea, even for workers employed in the same industry. Presumably, the source of the present report means workers who are in the free worker category, since forced laborers' wages are much lower than the figures reported above.

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